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April 26, 2007

Charles L. A. Terreni, Esquire  
Chief Clerk and Administrator  
South Carolina Public Service Commission  
101 Executive Center Drive  
Columbia, SC 29210

RE: Application of Inter-Tel Netsolutions, Inc. for a Certificate and Necessity  
to Provide Local Exchange Telecommunication Services and Local Service  
Offerings to be Regulated in Accordance with Procedures Authorized for  
NewSouth Communications in Order No. 98-165 in Docket No. 97-467-C.  
DOCKET NO.: 07-155-C

Dear Mr. Terreni:

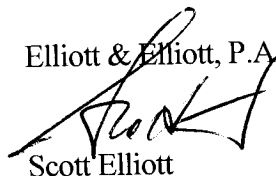
As your records will reflect, I represent the Applicant in connection with the above-captioned matter. On behalf of the Applicant, I would herewith amend the Application to correct a scrivener's error in the Application label.

The label of the Application reads as follows: "Application of Inter-Tel Netsolutions, Inc. for Authority to Provide Resold and Facilities-Based/UNE Local Exchange Service". The Applicant actually seeks authority to provide resold local exchange service, and has no plans to provide facilities-based/UNE local exchange service.

Accordingly, the Applicant would amend the label on page 1 of its Application to read as follows: "Application of Inter-Tel Netsolutions, Inc. for Authority to Provide Resold Local Exchange Service". Enclosed you find an amended Application correcting this scrivener's error. By carbon copy I am serving the ORS with a copy of the within amended Application. If you or counsel at the ORS have questions, please feel free to call me.

Sincerely,

Elliott & Elliott, P.A.



Scott Elliott

SE/mlw  
Enclosure

cc: All parties of record w/enc.  
Lance J.M. Steinhart, Esquire

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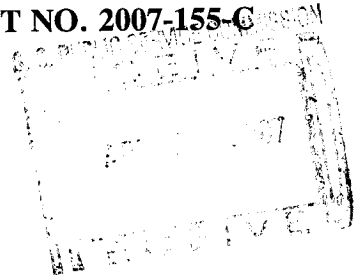
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**STATE OF SOUTH CAROLINA  
BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION**

In re:

Application of )  
INTER-TEL NETSOLUTIONS, INC. )  
For a Certificate of Public )  
Convenience and Necessity to )  
Provide Local Exchange )  
Telecommunications Services and )  
for local service offerings to be regulated )  
in accordance with procedures authorized )  
for NewSouth Communications in Order )  
No. 98-165 in docket No. 97-467-C. )

DOCKET NO. 2007-155-C



**AMENDED APPLICATION OF INTER-TEL NETSOLUTIONS, INC.**

**FOR AUTHORITY TO PROVIDE RESOLD**

**LOCAL EXCHANGE SERVICE**

Inter-Tel NetSolutions, Inc. ("Inter-Tel" or "Applicant"), pursuant to S.C. Code Ann. § 56-9-280(B)<sup>1</sup> and Section 253 of the Telecommunications Act of 1996<sup>2</sup>, respectfully submits this Application for Authority to Provide Resold Local Exchange Service ("Application") in the State of South Carolina and for local service offerings to be regulated in accordance with procedures authorized for NewSouth Communications in Order No. 98-165 in docket No. 97-467-C.

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<sup>1</sup>As amended by Act No. 354, signed by the Governor on June 6, 1996.

<sup>2</sup>Telecommunications Act of 1996, 47 U.S.C. § 253 (1996).

Inter-Tel intends to provide local exchange service to customers located in non-rural local exchange carriers' service areas of South Carolina. Should its Application be granted, Inter-Tel plans to commence offering service immediately upon the establishment of the appropriate resale arrangements with facilities-based carriers. Applicant intends to utilize MCI, AT&T and XO Communications, and other equivalent providers as its underlying carriers.

Approval of this Application will promote the public interest by increasing the level of competition in the South Carolina telecommunications market. Ultimately, competition will compel all telecommunications service providers to operate more efficiently and pass the resultant cost savings on to consumers. In addition, as a result of competition, the overall quality of local exchange service will improve.

In support of its Application, Inter-Tel states as follows:

**I. Introduction**

1. The name and address of the Applicant are:

INTER-TEL NETSOLUTIONS, INC.  
4310 East Cotton Center Blvd., Suite A-100  
Phoenix, Arizona 85040

2. All correspondence, notices, inquiries and other communications regarding this Application should be directed to:

Lance J.M. Steinhart  
Lance J.M. Steinhart, PC  
1720 Windward Concourse, Ste. 250  
Alpharetta, Georgia 30005  
Telephone: 770/232-9200  
Facsimile: 770/232-9208  
Email: lsteinhart@telecomcounsel.com

Local Counsel:  
Scott Elliott, Esq.  
Elliott & Elliott, P.A.  
721 Olive Street  
Columbia, SC 29205  
Telephone: 803/771-0555  
Facsimile: 803/771-8010

3. In support of this Application, the following exhibits are attached hereto:

a. Exhibit A - Inter-Tel's Articles of Incorporation filed with the Secretary of State for the State of Texas;

- b. Exhibit B - Inter-Tel's Certificate of Authority to Operate in South Carolina as a Foreign Corporation;
- c. Exhibit C - Inter-Tel, Inc.'s Form 10-Q for the quarter ended June 30, 2006.
- d. Exhibit D - Biographies of selected Inter-Tel management;
- e. Exhibit E - Proposed Tariff

## **II. Description of the Applicant**

### **1. General Information**

Applicant is a Texas Corporation, which was formed on June 19, 1990. The company is headquartered at 4310 East Cotton Center Blvd., Suite A-100, Phoenix, Arizona 85040.

### **2. Customer Service**

Inter-Tel's customer service representatives are available to assist its customers and will promptly respond to all customer inquiries. Customers may call (800) 821-1661 or a local number. The applicable toll free or local numbers will be printed on customers' monthly billing statements. Alternately, customers wishing to communicate with an Inter-Tel customer service representative in writing may send written correspondence to Inter-Tel at:

Inter-Tel NetSolutions, Inc.  
ATTN: Customer Service  
4310 East Cotton Center Blvd., Suite A-100  
Phoenix, Arizona 85040

Inter-Tel's customer service representatives are prepared to respond to a broad range of service matters, including inquiries regarding: (1) the types of services offered by Inter-Tel and the rates associated with such services; (2) monthly billing statements; (3) problems or concerns pertaining to a customer's current service; and (4) general service matters.

**III. Inter-Tel Possesses the Technical, Managerial and Financial Expertise Necessary to Provide Local Exchange Service**

Inter-Tel possesses the requisite technical, financial and managerial capabilities to operate as a competitive telecommunications provider. These capabilities are explained in detail below.

**1. Financial Qualifications**

Inter-Tel is financially able to provide the services proposed in its tariff as evidenced by its parent company's Form 10-Q for the quarter ended June 30, 2006.

**2. Managerial Qualifications**

Inter-Tel's senior management team is highly skilled, having acquired considerable experience in the telecommunications industry. Using this extensive expertise, Inter-Tel's management team has developed innovative marketing strategies. In conjunction with effective financial and operational measures, these marketing strategies will enable the company to provide quality service at competitive rates, while resulting in profitable operations for the Applicant. Inter-Tel has extensive experience in the technical, managerial, and financial aspects of the telecommunications industry.

### **3. Technical Qualifications**

Applicant's key management personnel have significant business and telecommunications experience. Applicant will also rely upon the technical expertise and telecommunications experience of its underlying carriers. Applicant is currently authorized to provide local exchange service in Arizona, California, Colorado, Florida, Georgia, Illinois, Kansas, Minnesota, Missouri, Nevada, New Jersey, New York, Pennsylvania, Tennessee, Texas and Washington and authorized to provide interexchange services throughout the United States. Applicant is in the process of applying for authorization to provide competitive local exchange in approximately 20 additional states. Applicant has not been denied authority for any of the services for which it seeks authority in this Application. Applicant is currently providing long distance service in throughout the United States, and is providing local exchange service in Arizona, California, Colorado, Florida, Georgia, Illinois, Kansas, Minnesota, Missouri, Nevada, New Jersey, New York, Pennsylvania, Tennessee, Texas and Washington.

Inter-Tel will resell local exchange services, utilizing the facilities of the existing of incumbent local exchange carriers ("LECs") or underlying carriers that presently serve South Carolina.

APPLICANT seeks authority to resell local exchange services throughout the State primarily in the areas served by Bellsouth. Applicant's local calling areas initially will coincide with the incumbent local exchange carrier's local calling areas. Its services will be available on a full-time basis, twenty-four hours a day, seven days a week, to customers within the geographic boundaries of the State of South Carolina. Customers will be billed by APPLICANT. Applicant is committed to providing access to a local operator, directory assistance, 911 services, and dual

relay services. Applicant is also willing to accept its obligations to collect 911 and dual relay service surcharges from its local exchange customers, and to remit those funds to the appropriate authorities.

As the foregoing illustrates, Inter-Tel possesses considerable telecommunications expertise. Inter-Tel asserts that it is technically qualified to provide local exchange telecommunications services in South Carolina.

**IV. Approval of Inter-Tel's Application is in the Public Interest**

Granting Inter-Tel's Application is consistent with S.C. Code Ann. § 58-9-280(B), as amended by 1996 Act No. 354, and, in that regard Applicant makes the following representations to the Commission:

- a. Applicant possesses the technical, financial, and managerial resources sufficient to provide the services requested;
- b. Applicant's services will meet the service standards required by the Commission;
- c. The provision of local service by Applicant will not adversely impact the availability of affordable local service;
- d. Applicant, to the extent it is required to do so by the Commission, will participate in the support of universally available telephone service at affordable rates; and,
- e. The provision of local service by Applicant will not adversely impact the public interest.

The demands of a competitive market are a better means to achieve affordability and quality of service than a monopoly environment. As competitors vie for market share, they will compete based upon price, innovation and customer service.

Those providers that offer consumers the most cost effective products will gain market share. In contrast, providers whose products do not meet the needs of consumers will lose market share and, ultimately, be eliminated from the industry.



Additionally, Inter-Tel's entry into the local exchange markets will not unreasonably prejudice or disadvantage any telephone service providers. Incumbent local exchange carriers presently serve a large majority of the local exchange customers in South Carolina. The major advantages of incumbency (i.e., ownership of the existing local network as well as access to, and long-standing relationships with, every local customer) constitute a substantial obstacle to new entrants. Moreover, exchange services competition will stimulate the demand for the services supplied by all local service carriers, including those of the incumbent LECs. Thus, in a competitive market, there will be increased potential for such LECs to generate higher revenues. Additionally, in a competitive market, incumbent providers will have market incentives to improve the efficiency of their operations, thereby reducing their costs and ultimately their profit margins. Finally, it is important to recognize that in a competitive market, incumbent LECs will derive revenues from both resellers of their local exchange services as well as facilities based competitive local exchange providers.

Currently, South Carolina consumers have a limited choice with regard to the provision of local exchange telecommunications service. A competitive local service market comprised of incumbents and competitive providers such as Inter-Tel will offer consumers a competitive option and, therefore, will better satisfy the needs of various market segments. In this regard, approval of this Application is clearly in the public interest.

**V. Description of Services Offered and Service Territory**

Inter-Tel expects to offer a full array of services to customers, including the following:

**Local Exchange:**

- A. Local Exchange Services for customers that will enable customers to originate and terminate local calls in the local calling area served by other LECs, including local dial tone and custom calling features.
- B. Switched local exchange services, including basic service, trunks, carrier access, and any other switched local services that currently exist or will exist in the future.
- C. Non-switched local services (e.g., private line) that currently exist or will exist in the future.
- D. Centrex and/or Centrex-like services that currently exist or will exist in the future.
- E. Digital subscriber line, ISDN, and other high capacity services.

Applicant submits contemporaneously with this application its proposed tariff for local exchange service (Exhibit E), which contains a description of services to be provided, all rules and regulations applicable to such services, and proposed rates for such services.

## **VI. Waivers and Regulatory Compliance**

Inter-Tel requests that the Commission grant it a waiver of those regulatory requirements inapplicable to competitive local service resellers such as Inter-Tel. Such rules are not appropriate or necessary for competitive providers and constitute an economic barrier to entry into the local exchange market.

### **1. Financial Record-Keeping System**

a. Inter-Tel respectfully requests that it be exempt from any record-keeping rules or regulations that might require a carrier to maintain its financial records in conformance with the Uniform System of Accounts ("USOA"). The USOA was developed by the FCC as a means of regulating telecommunications companies subject to rate base regulation.

b. As a competitive carrier, Inter-Tel maintains its book of accounts in accordance with Generally Accepted Accounting Principles ("GAAP"). Neither the FCC, nor the Commission, has required Inter-Tel to maintain its records under the USOA for purposes of Inter-Tel's operations. Thus, Inter-Tel does not possess the detailed cost data required by USOA, nor does it maintain detailed records on a state-specific basis. As a competitive provider, Inter-Tel's network operations are integrated to achieve maximum efficiency. Having to maintain records pertaining specifically to its South Carolina local service operations would place an extreme burden on Inter-Tel.

c. Moreover, Inter-Tel asserts that because it utilizes GAAP, the Commission will have a reliable means by which to evaluate Inter-Tel's operations. Therefore, Inter-Tel hereby respectfully requests to be exempt from the any USOA requirements of the Commission.

d. In addition, the Company hereby respectfully requests a waiver of 26 S.C. Code & Ann. Regs. 103-610, which requires books and records to be kept in the State of South Carolina, but rather, the Company desires to keep its books and records at its principal place of business.

**2. Local Exchange Directories**

Applicant respectfully requests a waiver of the requirement in Rule 103-631 to publish and distribute local exchange directories. Inter-Tel will make arrangements with the incumbent LECs whereby the names of Inter-Tel's customers will be included in the directories published by the incumbent LECs. LEC directories will also be modified to include Inter-Tel's customer service number. These directories will be distributed to Inter-Tel's customers. This approach is entirely reasonable and will have a direct benefit to the customers of both Inter-Tel and the incumbent LEC since they need only refer to one directory for a universal listing of customer information. It would be an unnecessary burden on Inter-Tel to require that it publish and distribute its own directory to all customers located within each exchange area, particularly since nearly all of these customers will be customers of the incumbent LECs. It is more efficient for Inter-Tel to simply include its limited customer list in the existing directories of the incumbent LECs.

**3. Flexible Regulation of Local Services**

Applicant respectfully requests that its local service offerings be regulated in accordance with procedures authorized for NewSouth Communications in Order No. 98-165 in docket No. 97-467-C.

**4. Marketing Practices**

Pursuant to the South Carolina Public Service commission's Order No. 95-658 (issued March 20, 1995), Applicant makes the following affirmation relating to the Applicant's provision of services:

As a telephone utility under the regulation of the Public Service Commission of South Carolina, Carrier does hereby assert and affirm that as a reseller of intrastate telecommunications service, Carrier will not indulge or participate in deceptive or misleading telecommunications marketing practices to the detriment of consumers in South Carolina, and will comply with those marketing procedures, if any, set forth by the Public Service Commission. Additionally, Carrier will be responsible for the marketing practices of its contracted telemarketers for compliance with this provision. Carrier understands that violation of this provision could result in a rule to show cause as to the withdrawal of its certification to complete intrastate telecommunications traffic within the state of South Carolina.

**5. Maps**

Applicant's local exchange calling areas will initially mirror the service areas of the incumbent local exchange carriers; therefore, Applicant hereby respectfully requests a waiver of the map-filing requirement pursuant to Commission Rule 103-612.2.3.

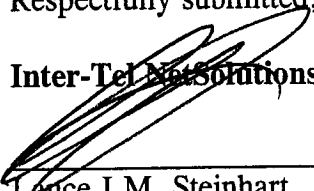
## **VII. Conclusion**

This Application demonstrates that INTER-TEL NETSOLUTIONS, INC. possesses the technical, financial and managerial resources to provide resold and facilities-based/UNE local exchange service in the State of South Carolina. Furthermore, granting this Application will promote the public interest by increasing the level of competition in the South Carolina telecommunications market. Ultimately, competition will compel all exchange telecommunications service providers to operate more efficiently and pass the resultant cost savings on to consumers. In addition, as a result of competition, the overall quality of local exchange service will improve. As stated above, Applicant does not intend to provide local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, until Applicant provides such LECs notice of intent at least 30 days prior to the date of the intended service.

Wherefore, INTER-TEL NETSOLUTIONS, INC., respectfully petitions this Commission for authority to operate as a reseller of local exchange telecommunications services in the State of South Carolina and for local service offerings to be regulated in accordance with procedures authorized for NewSouth Communications in Order No. 98-165 in docket No. 97-467-C, in accordance with this Application and for such other relief as it deems necessary and appropriate.

Respectfully submitted,

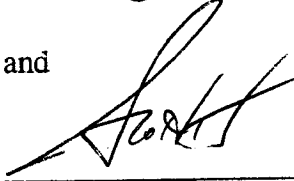
**Inter-Tel Net Solutions, Inc.**



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and



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(803) 771-0555

*Attorneys for Applicant*

April 18, 2007, 2006

## CERTIFICATE OF SERVICE

The undersigned employee of Elliott & Elliott, P.A. does hereby certify that she has served below listed parties with a copy of the pleading(s) indicated below by mailing a copy of same to them in the United States mail, by regular mail, with sufficient postage affixed thereto and return address clearly marked on the date indicated below:


RE: Application of Inter-tel Netsolutions, Inc. for a Certificate of Public Convenience and Necessity to Provide Local Exchange Telecommunications Services and for local service offerings to be regulated in accordance with procedures authorized for NewSouth Communications in Order No. 98-165 in docket No. 97-467-C

Docket No. 2007-155-C

PARTIES SERVED: Shannon Bowyer Hudson, Esquire  
Office of Regulatory Staff  
PO Box 11263  
Columbia, SC 29211

PLEADING: Amended Application of Inter-tel Netsolutions, Inc.  
for Authority to Provide Resold  
Local Exchange Service

April 26, 2007

  
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Marcia W. Walters, Legal Assistant